MULTIMEDIA UNIVERSITY

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BAC4664 – INTERNAL AUDITING

(All Sections / Groups)

7th March 2020
2.30 pm – 5.30 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 2 pages excluding cover page with 4 Questions only.

2. Answer all **FOUR** questions. Mark distribution for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

a) The International Professional Practices Framework (IPPF) provides a blueprint that facilitates consistent development, application of concepts and techniques useful to the internal audit profession. The Standards in the IPPF provide full guidance to all internal auditors. These Standards are complete and not required to be modified over the years. Do you agree or disagree with this view? Outline your response accordingly.

(10 marks)

b) The Institute of Internal Auditors (IIA) is one of the professional bodies relevant in the accounting and auditing field. Even though it is not a compulsory requirement for internal auditors to be the members of the IIA, most companies highly encourage their internal audit staff to join the IIA as members. Describe **THREE (3)** reasons why employers are keen that their staff have membership in the IIA.

(10 marks)

c) Internal auditors has dual reporting line. Recall what is the difference between the functional and administrative reporting of the internal auditors.

(5 marks)

(Total: 25 marks)

QUESTION 2

a) According to the *Attribute Standards 1230 (Continuing Professional Development),* internal auditors must enhance their knowledge, skills and other competencies through continuing professional development. Discuss **THREE (3)** reasons why the trainings/workshops conducted by the IIA is better than the companies' own internal training. (10 marks)

b) It is important for internal auditors to communicate their engagement results as stipulated by the *Performance Standards 2400.* Clarify **THREE (3)** factors that internal auditors can practice, towards effective communication. (10 marks)

c) Once internal audit engagement is completed and results are communicated, internal auditors are also required to perform the follow-up procedures. Justify the importance of this procedure.

(5 marks)

(Total: 25 marks)

Continued...

QUESTION 3

a) In carrying out the operational audit, it is important for internal auditors to evaluate the controls as dictated in the Standard Operating Procedures (SOP) manual.

i. Give **TWO (2)** more examples of document or reference, where internal auditors can evaluate the controls in the company. (2 marks)

ii. Supposed the above types of documents are not available, describe the necessary approach for internal auditors to carry out before they can start evaluating the effectiveness of the controls in the company. (10 marks)

iii. SOP is crucial in companies' operation. Explain why SOP is required. (3 marks)

b) Nowadays, companies chose to do their businesses online, to enjoy the benefit of current fast-paced technological improvement. Since the e-commerce transactions do not involve physical documentation, internal auditors have used computer-assisted audit techniques (CAATs) in performing their audit. Discuss **TWO (2)** advantages and **TWO (2)** disadvantages of performing audit with CAATs. (10 marks)

(Total: 25 marks)

QUESTION 4

a) Internal auditing is a discipline that works on behalf of the management, the Board of Directors, the stakeholders of public and private entities. Since internal auditing is a relatively new field as compared to external auditing, some people view external auditing to be more important than internal auditing. Express your opinion in this matter. (8 marks)

b) Clarify **TWO (2)** main differences between internal audit and external audit in carrying out financial audit. (7 marks)

c) Describe the following types of audit that internal auditors usually perform:

i. Compliance audit.
ii. Information system audit.
iii. Operational audit.

(10 marks)

(Total: 25 marks)

End of Page